Foreign exchange reserves

360. SHRI S.S. AHLUWALIA: Will the Minister of FINANCE be pleased to state:

(a) the details of foreign exchange (forex) reserve as on June 30, 2007;

(b) whether it is a fact that Reserve Bank of India (RBI) is the sole custodian of the forex reserve;

(c) whether RBI lend funds out of its forex reserve to any borrower other than Government;

(d) if so, the relevant legal provision therefor;

(e) entities which are eligible to borrow;

(f) whether RBI has lent and/or is contemplating to lent funds from forex reserves to various organisations, including foreign based; and

(g) if so, details thereof as on 30th June, 2007 indicating terms of such lending?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The details of foreign exchange reserves as on June 30, 2007 are:

	(in US $ million)
Foreign Currency Assets	206,106
Gold	6,787
SDRs	1
Reserve Position in IMF	460
Foreign Exchange Reserves (Total)	213,354

(b) Foreign currency assets and gold are held on the balance sheet of RBI and RBI is the sole custodian of foreign exchange reserves held in the form of foreign currency assets and gold. SDRs and Reserve Position with IMF are held in the books of Government of India.

(c) RBI is empowered to extend loans and advances in foreign currency to scheduled banks and certain specified financial institutions provided the borrowing bank or financial institution has made loans or advances in foreign currency for financing international trade or import of capital goods or for such other purposes as approved by the Central Government and the outstanding amount of loan obtained from RBI is limited to the amount of loan or advance so made and outstanding. Such loans are not treated as a part of foreign exchange reserves.

(d) The relevant provision is Section 17(12B) of Reserve Bank of India Act, 1934.

(e) Scheduled Banks, IDBI, EXIM Bank, IRBI, SIDBI, IFCI, any state financial corporation and any other financial institution approved by the Central Government.

(f) and (g) Finance Minister in his Budget Speech (2007-08 Budget) indicated that the Government in consultation with RBI would consider the recommendation

of Deepak Parikh Committee to *"use a small part of the foreign exchange reserves without the risk of monetary expansion"*, for the purpose of financing infrastructure development projects. No funds have been lent from forex reserves as on 30th June, 2007.

Bad credit given by Punjab National Bank

361. SHRI VARINDER SINGH BAJWA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have stopped investigations into the bad credit given by Punjab National Bank to private corporate borrowers during 2005-06 and 2006-07, which put the bank to a loss of one thousand crore of rupees and thereby absolved the top officials including the CMD of the bank of any accountability in the matter;

(b) if so, the reasons therefor; and

(c) whether Government propose to bring the matter to the knowledge of RBI and proceed with the investigations to their logical conclusion?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Government does not conduct investigation into the credit given by the banks. However, specific complaints when referred to the Ministry are examined in consultation with RBI/CVC/the bank concerned and suitable action taken. The bank conducts internal investigations of the accounts which become NPA for examining staff accountability in accordance with the laid down procedure. CBI/Police also investigates into the cases *suo motu* or when referred to them by the banks.

(c) Every fraud case is reported to RBI by the banks and Government has no role in his.

Bungling of funds by PNB

362. SHRI VARINDER SINGH BAJWA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Punjab National Bank enhanced their exposure in favour of a big diamond exporting company by Rs. 350 crore without the concurrence of the leader of the consortium and whether the enhanced exposure has put the bank to loss of Rs. 200 crore as no exports have been made by the concerned borrower;

(b) if so, whether it is a fact that the bank has not reported the matter to Government agencies; and

(c) if so, the action proposed to be taken in the matter against those responsible for the bungling?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) The information is being collected and will be laid on the Table of the House.